



# SECTION 108 LOAN GUARANTEE

## Local Government Division

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

### Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

### Eligible Activities

Activities eligible for Section 108 financing include:

- Economic development activities eligible under CDBG;
- Acquisition of real property;
- Rehabilitation of publicly owned real property;
- Housing rehabilitation eligible under CDBG;
- Construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- Related relocation, clearance, and site improvements;
- Payment of interest on the guaranteed loan and issuance costs of public offerings;
- Debt service reserves; and
- In limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

### For More Information

**Housing & Infrastructure:**  
Lisa Vatske, Program  
Manager  
360.725.3014  
[Lisav@cted.wa.gov](mailto:Lisav@cted.wa.gov)

**Economic Development:**  
Steve Saylor  
360.725.4046  
[SteveS@cted.wa.gov](mailto:SteveS@cted.wa.gov)

For purposes of determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate- income persons, or aid in the elimination or prevention of slums or blight, or meet urgent needs of the community.

### Application Process

Applications for the Section 108 Loan Guarantee Program will be reviewed and approved by CTED staff. Applications must be submitted by eligible jurisdictions. Applicants may request a minimum of \$700,000 and a maximum of \$7 million. An eligible jurisdiction may submit more than one application each year; however, in no event shall a local jurisdiction receive more than \$7 million in outstanding Section 108 Loan Guarantees. Projects may be evaluated at any time during the year. Please contact CDBG staff to discuss specific project details.